



Agenda Item 3b

May 17, 2011

TO: MEMBERS OF THE PERFORMANCE AND COMPENSATION COMMITTEE

I. SUBJECT: Changes in Senior Portfolio Manager and Portfolio Manager Performance Plans

II. PROGRAM: Administration

III. RECOMMENDATIONS: This is an Information Item

IV. ANALYSIS:

The Chief Executive Officer has been delegated the review of quarterly status reports and approval of changes in performance plans for Senior Portfolio Manager and Portfolio Manager positions. Changes are to be reported through the Performance and Compensation Committee to the Board. The purpose of this item is to report changes that the Chief Investment Officer and the Chief Executive Officer have approved.

Individual Performance Measure Changes

Individual changes have been approved in the performance plans of one (1) Senior Portfolio Manager and three (3) Portfolio Managers. None of the changes delays the completion of performance measures beyond the end of the fiscal year. The changes are summarized in the attachment to this item.

In accordance with the program policies and procedures, changes of the quantitative measures listed in the attached summary have been reviewed for clarity by the investment consultant. The incumbents have been made aware of the changes.

V. STRATEGIC PLAN:

Under Goal III of the Strategic Plan, CalPERS is committed to sustaining a high performance work culture. This can be accomplished at the highest executive levels through the establishment of methods that provide broad flexibility in the recruitment, retention and compensation of key personnel.

VI. RESULTS/COSTS:

The establishment of incentive plan performance measures is critical to the management of a competitive compensation program for executives at the highest levels of the organization. This, in turn, is critical to the success of the organization. The cost of performance awards that might arise from the recommendations in this item will be funded from existing resources.

MICHAEL A. WILLIHNGANZ, Chief
Human Resources Division

STEPHEN W. KESSLER
Deputy Executive Officer
Operations and Technology

Attachment

**Summary of Approved Changes in the Performance Plans
of Senior Portfolio Managers and Portfolio Managers**
Third Quarter, 2010-11 Fiscal Year

Position	Change and Reason
Sr. Portfolio Manager, Real Assets (R. Mullan)	Completion dates of all milestones in the <i>ILAC Work Plan Implementation</i> adjusted to align with fiscal year completion target.
Portfolio Manager, Fixed Income (D. Kiefer)	Language added to <i>CalPERS Securities Lending Program</i> Quantitative performance measure to clarify that calculations on this measure will lag one quarter due to the timing of published return numbers.
Portfolio Manager, Real Assets - 2 (T. Lapenna, C. Yokan)	Completion dates of all milestones in the <i>ILAC Work Plan Implementation</i> adjusted to align with fiscal year completion target.